

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

California levies a state sales tax of 6 percent on most goods sold in the state. (Local governments levy additional sales taxes, which are used for local purposes.) In 2000–01, California collected about \$27 billion in state sales tax revenues, including about \$3.4 billion from the sale and lease of new and used motor vehicles.

Most of the revenues from the *state* sales tax go to the state General Fund, and are available for a variety of programs, including education, health, social services, and corrections. Less than 1 percent of the state sales tax revenue is dedicated to transportation purposes. Beginning in 2003–04, most of the state sales tax revenue generated from the sale of gasoline also will be used exclusively for transportation. As a result, about 4.5 percent of state sales tax revenues will be dedicated for transportation purposes.

California spends about \$16.5 billion a year to maintain, operate, and improve its highways, streets and roads, rail and transit systems. This money comes primarily from federal and state taxes (including state sales tax) on gasoline and diesel fuel, truck weight fees, and local taxes.

PROPOSAL

This measure redirects to transportation-related purposes 30 percent of the sales tax revenue from the lease and sale of new and used motor vehicles that currently goes to General Fund supported programs. Under the measure, these revenues would continue to be deposited in the General Fund and then transferred to a new Traffic Congestion Relief and Safe School Bus Trust Fund. The money in this new fund would be used for the purposes shown in Figure 1. These purposes include mass transit and highway improvements, replacement of certain existing school buses, local street and road repairs, public facilities for transit riders, senior and disabled transportation services, environmental mitigation, and bicycle and pedestrian improvements. The measure also identifies 45 transportation and environmental projects around the state that would receive specified amounts of money each year. These projects would receive a total of about \$210 million in 2003–04, decreasing over time.

The measure requires money in the new fund to be transferred back to the General Fund in any year in which total General Fund revenues are less than those in the previous year. Additionally, the measure requires the transfer of a smaller amount from the General Fund to the new fund if the growth in General Fund revenues over the previous year is smaller than the amount to be transferred.

Agencies that are allocated money from the new fund can spend up to 2 percent of the money for administrative costs.

FIGURE 1

TRAFFIC CONGESTION RELIEF
AND SAFE SCHOOL BUS TRUST FUND

Distribution of Funds	Percent of Funding
Passenger Rail and Bus Transit	48%
• Construction and improvement of transit facilities and purchase of transit vehicles.	33
• Passenger rail operations, construction, and improvement, and modernization of passenger rail infrastructure.	8
• Grants to improve public facilities for new development near rail or bus transit stations.	3
• Grants to provide transportation to seniors and disabled persons.	2
• Transit assistance to counties with populations less than 250,000 to improve mobility of people who cannot drive.	2
Traffic Congestion and Safety	25%
• Traffic Congestion Relief Program projects and other highway and street projects to improve traffic flow.	16
• Grants for highway safety projects.	5
• Projects to separate rail lines from streets and highways.	4
Environmental	15%
• Wildlife habitat and land acquisition to mitigate environmental effects of transportation improvements.	10
• Grants for diesel emission reduction.	3
• Water pollution reduction projects to mitigate water quality impact of transportation improvements.	2
School Bus	8%
• Grants to replace older school buses and increase fleet size.	8
Bicycle and Pedestrian	4%
• Regional projects to improve convenience and safety of bicycle travel and bicycle education programs.	2
• Regional sidewalk and walkway projects.	1
• Grants to enforce traffic safety laws along pedestrian and bicycle routes, and to educate the public on safe travel to school.	1
Total	100%

The measure also requires an audit of expenditures from the fund, to be conducted by a new, independent commission.

FISCAL EFFECTS

This measure dedicates specified General Fund revenues to state and local transportation-related purposes of about \$420 million in 2002–03, \$910 million in 2003–04, and increasing amounts annually thereafter, depending on the increase in the sale and leasing of motor vehicles. This would result in a corresponding reduction in funds available for General Fund supported programs.

This measure would also result in additional unknown administrative costs to various state and local agencies. These costs would likely be covered by the amounts that the measure allows each entity to spend for administrative purposes.